

ALG Minutes—March 2, 2011

Present: Bart Wendell, facilitator; Mary Ann Ashton, Bill Mullin, FC; John Petersen, Xuan Kong, SC; Lauren Rosenzweig Morton, Mike Gowing, BoS; Steve Ledoux, John Murray, Steve Mille and Don Aicardi, staff. Audience: Marie Altieri, school staff; Ruth Kohls, LWV; Clint Seward, FC; Bob Ingram, Dick Calandrella, Paul Hoff, Charlie Kadlec, AVG.

Minutes were approved---after typos corrected.

2. Budget Revenue update FY 11 & 12

Steve L: no change for FY 11. Positive news—first excise tax payments are back which represents 70-80% of the total number of bills and, the total is 5% higher than forecasted. Negative: snow & ice account is just short of a \$200k deficit---it can be rolled over to next year but he would rather “absorb it” from operations which will affect turn-backs.

Mass Municipal Association is trying to get the legislature to make an early resolution on local aid numbers. The resolution would say that the aid will be no lower than a set number

John P: pressed Steve for a number for turn-backs but Steve was “not comfortable” with such predictions.

Steve M: SC has approved a level service budget for FY 12; the HIT rate changes have lessened the deficit; they have paid back the \$96k “borrowed” from the Town; he is ready to deal with the \$360-70K deficit. In preparation for Town Meeting he has: 1. Reduced the budget by \$970k of recurring expenses; 2. been judicious in the spending of Federal dollars [there is \$673k/APS & \$434k/AB] 3. Had the SC look ahead for 36 months---positing continued “hard times.” These conservative moves have resulted in a backlog of legitimate (as far as spending money) unmet needs—technology; text books; professional development---all need to be addressed and they are not within the present budget.

The NEAC accreditation process says great things about the HS but the report cited the inadequacies in the staff and counselors. We are required to respond---and show how we will correct the imbalance.

Don needs to have answers for the SC meeting. The possibilities to lower the [deficit] number are: 1. Pay some bills ahead; 2 use a better Ch 70 number (we just don’t know) 3. Have the FC allow a greater use of reserves than the \$2m---increase to \$4m—we will pay back from an improved Ch.70.

Bill: do you have ANY news of Ch. 70 levels---from our contact with Roger Hatch?

Mills: the answers I get (from different legislators) are contradictory---some say we will get a resolution number in March; others say not.

3. ALG spreadsheet

Extra Info: spreadsheet; FC info; Xuan’s info

Don: there are no major changes other than the addition of Mike’s page

The \$30k for the HIT at 8-(% for the Town is now outdated. There is an \$8,000 increase in Minuteman— gives an \$850 deficit. HIT is now @ 3%--that's

Xuan questioned the cash flow & possible changes. Mike indicated that the positive flow was of seven months, so the reduction seemed reasonable. Xuan asked about changing the contract during the year. J. Murray indicated that the rates had been raised during the year in the past---it was nor a contract per se.

Bill—using his “back of the envelope calculations” noted that for every % in reduction, the savings was \$119k; the reduction of 6% represented a far larger number than was being represented on the sheet.

There was discussion on how the numbers were generated taking into account the differences in the payments by employees into the account. Bill still thought the numbers on the sheet were too low for the savings he was calculating. It was agreed that the numbers still needed scrubbing. The deficit numbers could be lowered from \$580k to \$394k.

Xuan suggested that the splits in the past were just on revenues and that there needed to be a more comprehensive look at the splitting of the deficits.

Mary Ann commented that the ALG did not split revenues this year although she suggested such a path last fall. Now that the process is nearing an end, it is too late to change. She suggested that this be the path to take for the next session of ALG.

Bart reminded them that 1/3 of the people would not be on ALG next year& it was difficult to tie one ALG with the philosophy of its predecessor.

Extra Info: Xuan's split

Xuan vs. ALG

(\$145k) \$22k

\$248k \$372k

Bill: agreed that it was helpful & should be the first thing to discuss next year. If there is a turn-around in Ch 70; an extra \$200k goes to the Town; there are the post Town Meeting revenues---it should be a template for next year.

Bart: how should we consider the deficit split?

Bill: it is implicit in all the revenues---the correct path would be to lower the school's assessment; with the decrease in the HIT, the town's gap is \$22k. That deficit can be handled by a reduction in legal fees. The FC does not want to tax the \$297k from last year

John P: It seems were just splitting Ch 70; AARA money—we need to focus on the whole—it all comes from the same taxpayers.

The budgets are not increasing by the same percentage—how do you make them comparable? There is the end of the year accounting—that can wipe out the shifts—we need to have operational flexibility on both sides. I can entertain using more than \$2m in reserves and then as the revenues come in paying it back.

Bill: when you say “using capacity” you are using reserves right now. This plan uses more than the \$2m in reserves.

Lauren: we have needs bases level service budgets. I can’t see changing them now. We can solve deficits by cuts---the schools have federal money to fall back on, we don’t

Bart: can we connect the dots between John & Lauren?

JP: we’ve done the analyses-- we just need a mechanism to come to closure. The cuts that have been made in the school budgets are cumulative—there are services we need to deliver to the kids that we are not, the deficiencies are recurring.

Bart: is there a plan as presented the direction we wish to take to solve the differences?

Mary Ann: we need to go forward---I’m in favor of continuing the ALG spreadsheet—schools \$372k; town \$22k. We need to have a three-year list of needed services—it is the FC’s position that we do not want to see the \$293k added

There was discussion of keeping with the present spreadsheet, but adding additional reserves, and then having a Fall Town Meeting to work out the differences. There was push back on the FTM as not being a good venue to balance a budget.

It was noted that both entities are “suffering” under the cumulative effects of three years of constrained level-service budgets.

Xuan noted that his position as a school committee member required him to be an active advocate for the children. They were missing out & they services could not be replaces as they moved on through the grades. He feels that the school budgets are being “penalized by this practice and the solution was to use more than the \$2m in reserves.

There was discussion on how best to proceed while “saving” the work that has already been done. In trying to reach a consensus Bill proposed:

Schools lower assessment (using the savings from H.I.T); 2. Town lowers their budget through savings in legal fees; 3. Use 2% for Ch 70; 4. Do not tax \$293k; 5. Nothing is resolved if Ch 70 comes in at higher levels

It was agreed that this proposal would be taken back to the individual committees for discussion. This means there needs to be another ALG meeting

There was considerable push back from the schools but they did agree to take the proposal back to the whole committee.

Mary Ann requested that the members consider the budget assumptions for FY 13 & 14 & suggested 3% increase for expenses for schools; 2% for town

The schools were not sure that the 3% would be sufficient based on the unmet needs

It was changed to 3.5% FY 13 & 3% FY 14.

There were suggestions of 3.5% for both.

Bart noted that from this vantage, FY 13 & 14 looked far away and it was likely that the actual numbers would change.

As the plan develops the actual numbers will be clearer—Mary Ann wants to be able to present the plan at Town meeting & have the changes made in the spreadsheet---this will include: adding tax impact; drop FY 10; adding a number for the use of E&D.

Mr. Kadlec suggested that a way to avoid a FTM was to set up a Reserve Fund (legally under the control of the FC) and the entities could then get monies as needed once the FY had started.

It was agreed to set aside March 9 as a meeting date. If not needed, people would be informed by March 4.

Adjourned 9:20

Ann Chang